

December 28, 2000

Honorable Jacob J. Lew
Director
Office of Management and Budget
Washington, DC 20503

Dear Mr. Lew:

The Congressional Budget Office has prepared the following estimate of the pay-as-you-go effects of H.R. 4577, the Consolidated Appropriations Act, 2001. This legislation enacts by reference provisions of nine bills, including:

- H.R. 5656, the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2001,
- H.R. 5657, the Legislative Branch Appropriations Act, 2001,
- H.R. 5658, the Treasury and General Government Appropriations Act, 2001,
- H.R. 5666, the Miscellaneous Appropriations Act, 2001,
- H.R. 5660, the Commodity Futures Modernization Act of 2000,
- H.R. 5661, the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000,
- H.R. 5662, the Community Renewal Tax Relief Act of 2000,
- H.R. 5663, the New Markets Venture Capital Program Act of 2000, and
- H.R. 5667, the Small Business Reauthorization Act of 2000.

It also specifies that certain provisions of those bills and other acts shall be treated as changing direct spending or receipts, even though they are part of an appropriations act. The legislation was cleared by the Congress on December 15, 2000, and signed by the President on December 21, 2000, as Public Law 106-554.

CBO's estimate of the impact of this act on on-budget direct spending and revenues is shown in the table below. (Off-budget items are exempt from pay-as-you-go procedures.) We estimate that the legislation would result in net additional on-budget outlays totaling \$18.5 billion over the 2001-2010 period. The increased costs of Medicare benefits resulting from H.R. 5661, the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act, will add an estimated \$94.3 billion to federal outlays over the 10-year period. Much of that amount will be offset by additional Medicare premiums (\$12.8 billion) and by net savings in Medicaid and other health programs (\$66.5 billion). CBO and the Joint Committee on Taxation estimate that this act will cause a revenue loss of \$27.7 billion over the 10 years, largely as a result of the community revitalization provisions of H.R. 5662.

	By Fiscal Year, in Millions of Dollars									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in outlays	4,480	7,573	3,296	1,888	1,565	117	369	50	-401	-397
Changes in receipts	-136	-1,077	-2,078	-2,274	-2,573	-3,090	-3,637	-4,208	-4,746	-3,878

The two enclosed tables provide detail on the components of the outlay and receipt estimates. The act affects outlays in many budget functions, with the greatest impacts in functions 550, 570, 600, 650, and 700.

If you wish further details on this estimate, we will be pleased to provide them. The principal CBO staff contact is Paul Cullinan.

Sincerely,

Dan L. Crippen
Director

Enclosure

Honorable Jacob J. Lew
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cc: Honorable C. W. Bill Young
Chairman
House Committee on Appropriations

Honorable David R. Obey
Ranking Member

Honorable Ted Stevens
Chairman
Senate Committee on Appropriations

Honorable Robert C. Byrd
Ranking Minority Member

Honorable John R. Kasich
Chairman
House Committee on the Budget

Honorable John M. Spratt Jr.
Ranking Member

Honorable Pete V. Domenici
Chairman
Senate Committee on the Budget

Honorable Frank R. Lautenberg
Ranking Member

TABLE 1. ESTIMATED IMPACT OF H.R. 4577 ON DIRECT SPENDING ^a

	By Fiscal Year, in Millions of Dollars									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
H.R. 5657, Legislative Branch Appropriations										
Section 312 - Botanic Gardens	3	1	0	0	0	0	0	0	0	0
H.R. 5661 - Medicare, Medicaid, and SCHIP Benefits										
Medicare benefits	3,908	8,694	7,314	7,748	8,685	9,320	10,712	11,584	12,608	13,727
Medicare premiums	0	-713	-983	-1,109	-1,271	-1,421	-1,614	-1,733	-1,875	-2,038
Medicaid, SCHIP, and other	<u>31</u>	<u>-755</u>	<u>-3,327</u>	<u>-5,069</u>	<u>-6,181</u>	<u>-8,105</u>	<u>-9,042</u>	<u>-10,133</u>	<u>-11,475</u>	<u>-12,437</u>
Total - H.R. 5661	3,939	7,226	3,004	1,570	1,233	-206	56	-282	-742	-748
H.R. 5662 - Community Renewal Tax Relief Act										
Sec. 308 - Adjustments for Consumer Price Index error										
On-budget	250	180	160	160	170	160	150	160	160	160
Off-budget ^b	<u>720</u>	<u>410</u>	<u>400</u>	<u>390</u>	<u>380</u>	<u>380</u>	<u>370</u>	<u>360</u>	<u>350</u>	<u>340</u>
Total - H.R. 5662	970	590	560	550	550	540	520	520	510	500
H.R. 5666 - Miscellaneous Appropriations, Division B										
Sec. 102 - Summer food pilot projects	4	6	6	6	6	7	7	7	8	8
Sec. 110 - San Gabriel Basin restoration	0	1	0	0	0	0	0	0	0	0
Sec. 124 - Appalachian National Scenic Trail	4	0	0	0	0	0	0	0	0	0
Sec. 136 - Forest Service earmark	0	3	-2	-1	0	0	0	0	0	0
Sec. 148 - Telecommunications amendments	0	0	5	5	0	0	0	0	0	0
Sec. 150 - Ricky Ray Hemophilia Relief Fund	105	0	0	0	0	0	0	0	0	0
Sec. 151 - Energy employees occupational illness	45	59	64	67	69	72	74	77	80	84
Sec. 152 - Treatment of certain cancer hospitals	7	7	8	8	9	9	9	10	10	11
Title II - Vietnam Education Foundation Act	0	2	4	5	5	5	5	5	5	5
Title IX - Law enforcement pay equity	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total - H.R. 5666	165	78	85	90	89	94	96	100	104	109
H.R. 5667 - Small Business Reauthorization Act	-10	0	0	0	0	0	0	0	0	0

Continued

Table 1. (continued)

	By Fiscal Year, in Millions of Dollars									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
H.R. 5548 - Commerce, Justice, State Department Appropriations ^c										
Title X - Local TV Act	131	70	0	0	0	0	0	0	0	0
Title XI - Immigration										
Medicaid	2	16	41	58	59	54	53	57	61	66
Food Stamps	0	*	*	1	1	1	1	2	2	2
Supplemental Security Income	0	1	4	7	10	12	13	13	14	14
Temporary Assistance to Needy Families	<u>0</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>3</u>	<u>2</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Total - H.R. 5548	133	88	47	68	73	69	67	72	77	82
Total Outlays	5,200	7,983	3,696	2,278	1,945	497	739	410	-51	-57
Total On-budget Outlays	4,480	7,573	3,296	1,888	1,565	117	369	50	-401	-397
Total Off-budget Outlays ^b	720	410	400	390	380	380	370	360	350	340

NOTES:

* Less than \$500,000.

- a. Portions of the act with direct spending effects but which CBO estimates would not exceed \$500,000 in any year during the 2001-2010 period are excluded. These include sections 101, 141, and 145 of H.R. 5666, as well as titles IV, V, VI, XIV, and XV of the same act.
- b. Social Security outlays are off-budget and are not included in pay-as-you-go calculations.
- c. Section 2 (a) of H.R. 4577 directs the Office of Management and Budget to treat titles X and XI of H.R. 5548, the Commerce, Justice, State, Judiciary and Related Agencies Appropriations Act, 2001, as direct spending for purposes of section 252 of the Deficit Control Act of 1985. The direct spending effects of those titles are included in this estimate.

TABLE 2. ESTIMATED IMPACT OF H.R. 4577 ON REVENUES

	By Fiscal Year, in Millions of Dollars									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
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H.R. 5657 - Legislative Branch Appropriations										
Sec. 312 - Botanic Garden	3	0	0	0	0	0	0	0	0	0
H.R. 5660 - Commodity Futures Modernization Act	0	1	1	2	2	2	1	1	1	2
H.R. 5662 - Community Renewal Tax Relief Act										
Community revitalization										
On-budget	-124	-1,008	-1,962	-2,119	-2,382	-2,855	-3,381	-3,945	-4,474	-3,597
Off-budget ^a	1	1	1	-2	*	*	*	*	*	*
Extension of medical savings accounts	*	-3	-4	-4	-4	-4	-4	-3	-3	-3
Administrative and technical	<u>4</u>	<u>12</u>	<u>17</u>	<u>19</u>	<u>21</u>	<u>23</u>	<u>25</u>	<u>27</u>	<u>29</u>	<u>31</u>
Total - H.R. 5662	-119	-998	-1,948	-2,106	-2,365	-2,836	-3,360	-3,921	-4,448	-3,569
H.R. 5666 - Miscellaneous Appropriations, Division B										
Sec. 138 - Federal Thrift Savings Program	-19	-79	-130	-172	-210	-256	-278	-288	-299	-311
Total Revenues	-135	-1,076	-2,077	-2,276	-2,573	-3,090	-3,637	-4,208	-4,746	-3,878
Total On-budget Revenues	-136	-1,077	-2,078	-2,274	-2,573	-3,090	-3,637	-4,208	-4,746	-3,878
Total Off-budget Revenues ^a	1	1	1	-2	*	*	*	*	*	*

SOURCES: Congressional Budget Office and Joint Committee on Taxation.

NOTES:

* Less than \$500,000.

a. Social Security revenues are off-budget and are excluded from pay-as-you-go calculations.
